



Matthew W. Gissendanner
Assistant General Counsel

matthew.gissendanner@scana.com

January 14, 2019

VIA ELECTRONIC FILING

The Honorable Jocelyn Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

**RE: Petition of the Office of Regulatory Staff to Establish Generic Proceeding Pursuant to the Distributed Energy Resource Program Act, Act No. 236 of 2014, Ratification No. 241, Senate Bill No. 1189
Docket No. 2014-246-E**

Dear Ms. Boyd:

By Order No. 2015-194 ("Order"), issued in the above-referenced docket, the Public Service Commission of South Carolina ("Commission") approved the Settlement Agreement in that docket and required South Carolina Electric & Gas Company ("SCE&G" or "Company") to file reports with the Commission and the South Carolina Office of Regulatory Staff "when the following participation levels are reached to identify and illustrate the costs unrecovered, if any, arising from customer adoption of net metered DER generation through December 31, 2020: (1) 0.5%; (2) 1.0%; (3) 1.5%; and (4) 2.0% of the Utility's previous five-year average South Carolina retail peak demand, as defined by [Act No. 236 of 2014]."

The purpose of this letter is to inform the Commission that SCE&G has surpassed the 1.5% participation level as of the end of October 2018. The estimated gross generating capacity of the Company's net-metered customer-generators as of October 31, 2018, was 65,349 kilowatts, or 1.55% of the Company's five-year average retail peak demand of 4,225 megawatts.

Pursuant to the Settlement Agreement approved by the Commission in the above-referenced docket, the Company is allowed to recover any "under-recovered revenue from the net metering customer" through the Company's fuel clause as a DER NEM Incentive. The Company's next fuel hearing is scheduled for April 3-4, 2019, in Docket No. 2019-2-E. To address the cost shifting associated with adoption of net metered DER generation under the Company's current rates and to ensure that there continue to be no unrecovered costs arising from customer adoption of net

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metered DER generation after expiration of the Settlement Agreement, the Company will file new net metering tariffs to replace the existing tariffs no later than January 31, 2020, as required by the Settlement Agreement.

By copy of this letter and pursuant to the Order, SCE&G is providing ORS with this report.

If you have any questions, please do not hesitate to contact us at your convenience.

Very truly yours,



Matthew W. Gissendanner

MWG/kms

cc: Jeffrey Nelson, Esquire
Dawn Hipp, South Carolina Office of Regulatory Staff
Anthony James, South Carolina Energy Office
(all via First-Class U.S. Mail)